

SECOND DIVISION

[G.R. No. 172230, February 02, 2011]

LAND BANK OF THE PHILIPPINES, PETITIONER, VS. MAGIN FERRER, ANTONIO V. FERRER, AND RAMON V. FERRER, REPRESENTED BY THEIR ATTORNEY-IN-FACT, ATTY. RAFAEL VILLAROSA, RESPONDENTS.

[G.R. NO. 179421]

DEPARTMENT OF AGRARIAN REFORM, REPRESENTED BY SECRETARY NASSER C. PANGANDAMAN, PETITIONER, VS. ANTONIO V. FERRER AND RAMON V. FERRER, RESPONDENTS.

D E C I S I O N

MENDOZA, J.:

Challenged in these consolidated petitions for review are the August 30, 2005^[1] and the January 24, 2007^[2] Decisions of the Court of Appeals (CA) in C.A. G.R. SP No. 88012 and C.A. G.R. SP No. 88008, respectively. The separate CA decisions affirmed the decision of the Regional Trial Court, Branch 33, Guimba, Nueva Ecija (RTC). The CA ruled that Republic Act (R.A.) No. 6657, and not Presidential Decree (P.D.) No. 27, should govern in the determination of just compensation after the effectivity of said act.

The Facts

The consolidated records show that on October 11, 2000, Magin V. Ferrer, Antonio V. Ferrer and Ramon V. Ferrer (*the Ferrers*), represented by their attorney-in-fact, Rafael Villarosa, filed their *Petition for Determination and Payment of Just Compensation* against the Land Bank of the Philippines (LBP) before the RTC, docketed as Agrarian Case No. 1142-G. Later, the Ferrers filed an amended petition impleading the Department of Agrarian Reform (DAR) as well.

In their petition, the Ferrers alleged that they were the absolute owners *pro-indiviso* of a parcel of agricultural land with an area of 11.7297 hectares located in Bagong Bayan, San Jose, Nueva Ecija. It was one of the parcels of land they inherited from their deceased mother, Liberata Villarosa, who died *ab intestato* on January 23, 1968. It was also among the properties covered in the Deed of Extra-Judicial Partition executed by and between them; their deceased grandfather, Gonzalo F. Villarosa; their deceased aunt, Matilde Villarosa, and Rafael Villarosa.

The Ferrers further alleged that they found out that an Emancipation Patent covering 3.5773 hectares of the subject agricultural land was secretly issued in the name of Alfredo Carbonel, one of its occupants, without payment of just compensation. The LBP then fixed the just compensation at a very low price of P132,685.67 or

approximately P12,050.00 per hectare in violation of the guidelines in R.A. No. 6657, otherwise known as "*The Comprehensive Agrarian Reform Law*." They asserted that the just compensation of the subject agricultural land should at least be computed at P250,000.00 per hectare, or the total sum of P2,930,000.00 for the entire 11.7297 hectares considering that it was irrigated and strategically located.

On the other hand, the LBP and the DAR were of the position that the subject agricultural property had been placed under the coverage of the Operation Land Transfer (OLT) Program and, therefore, the provisions of P.D. No. 27 (*Emancipation Decree of Tenants*) and/or Executive Order (E.O.) No. 228 (*Declaring Full Land Ownership to Qualified Farmer-Beneficiaries covered by PD 27; Determining the Value of Remaining Unvalued Rice and Corn Lands subject of PD 27; and Providing for the Manner of Payment By the Farmer Beneficiary and Mode of Compensation to the Landowner*) should apply. Thus, they insisted that the value of the subject agricultural land be in accordance with P.D. No. 27.

In the proceedings below, the RTC appointed three (3) commissioners who were tasked to determine the amount of just compensation to be paid to the Ferrers. On September 27, 2004, after the written reports of the commissioners were submitted, the RTC rendered a decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered:

1. Fixing the just compensation for plaintiffs' 4.6203 hectares of land at P208,000.00 per hectare or a total of P961, 022.50;
2. Ordering the defendants DAR and LBP to pay the above amount of money to the plaintiffs in the manner provided by law and existing legislations.

SO ORDERED.

Unsatisfied with the decision, the LBP and the DAR filed separate motions for reconsideration which were both denied by the RTC in its Order dated December 1, 2004.

Thereafter, the LBP and the DAR filed their respective petitions for review before the CA. The LBP petition was docketed as CA-G.R. SP No. 88012 and raffled to the Eighth Division while the DAR petition was docketed as CA-G.R. SP No. 88008 and raffled to the Eleventh Division.

On August 30, 2005, the CA-Eighth Division, in CA-G.R. SP No. 88012, rendered a decision affirming the RTC decision. On January 24, 2007, the CA-Eleventh Division, in CA-G.R. SP No. 88008, likewise affirmed the decision.

As earlier stated, the two divisions of the CA similarly ruled that R.A. No. 6657, and not P.D. No. 27, should govern in the determination of just compensation in this case. They reasoned out that although the subject property was tenanted and devoted to rice production in 1972 when P.D. No. 27 was issued, the just compensation cannot be based on the value of the property in 1972 because there

was then no taking of the subject land as there was no payment yet to the private respondents. The CA explained that the land shall be considered taken only upon payment of just compensation because it would complete the agrarian reform process. The CA further stated that R.A. No. 6657 was the law of primary jurisdiction while P.D. No. 27 and other agrarian laws not inconsistent with R.A. No. 6657 shall only apply suppletorily.

The LBP and the DAR filed their respective motions for reconsideration but these were denied by the CA in its resolutions dated April 7, 2006^[3] and August 22, 2007, ^[4] respectively.

Dissatisfied with the CA decisions, the LBP and the DAR filed their separate petitions before this Court. The LBP petition was docketed as G.R. No. 172230 and the DAR petition as G.R. No. 179421. On December 3, 2007, the Court issued a resolution^[5] consolidating the two petitions because both cases involved the same subject matter and questions of law and fact.

Both petitions basically raise this

ISSUE

Whether or not the Court of Appeals erred in ruling that RA 6657, rather than P.D. No. 27/E.O. No. 228, is the law that should apply in the determination of just compensation for the subject agricultural land.

Positions of the Parties

The LBP and the DAR basically argue that P.D. No. 27, as reaffirmed by E.O. No. 228, should be applied in determining the just compensation for the subject property. They contend that P.D. No. 27 and E.O. No. 228 prescribe the formula in determining the just compensation of rice and corn lands tenanted as of October 21, 1972. As the subject property was tenanted and devoted to rice production in 1972, the just value should be fixed at the prevailing rate at that time, when the emancipation of the tenant-farmers from the bondage of the soil was declared in P.D. No. 27.

As to R.A. No. 6657, both the LBP and the DAR insist that it applies only to ricelands and cornlands not tenanted as of October 21, 1972. R.A. No. 6657 does not cover ricelands and cornlands acquired under P.D. No. 27 and E.O. No. 228. The government's OLT program on tenanted privately-owned rice and corn lands pursuant to P.D. No. 27 continues separately and distinctly from the Comprehensive Agrarian Reform Program (CARP) acquisition and distribution program under R.A. No. 6657 because 1) R.A. No. 6657 operates prospectively; and 2) Congress intended that lands subject to or governed by existing government programs such as the OLT and homestead under P.D. No. 27 are to be treated distinctly.

With respect to the appointment of commissioners, the LBP and the DAR argue that there was no legal basis therefor because 1) there were no long accounts or difficult questions of fact that required the expertise and know-how of the commissioners;